Arkansas Health Benefits Exchange Planning/Stakeholder Orientation – First Meeting

Workgroup	Date	Location	Time
State Agencies	April 8, 2011	Arkansas Insurance Department	9:30AM-11:00AM
Consumers	April 11, 2011	Arkansas Studies Institute Rm. 204	10:00AM-12:00PM
Outreach/Education/Enrollment/ Navigators/Producers/Agents	April 12, 2011	Arkansas Studies Institute Rm. 204	10:00AM-12:00PM
Health Care Industry – Insurance Carriers/Health Care Providers/ Professional Associations	April 12, 2011	Arkansas Studies Institute Rm. 204	2:00PM-4:00PM
Small Business/Community Leaders/ Legislators	April 18, 2011	Arkansas Studies Institute Rm. 204	10:00AM-12:00PM
Make-Up Orientation Meeting	April 20, 2011	Arkansas Studies Institute Rm. 204	2:00PM-4:00PM

***State Agencies*:**
Clint Ball- Division of County Operations- DHHS
David Boling- Senior Policy & Legal Analyst- Arkansas Center for Health Improvement
James Cheek- Graduate Student- UAMS College of Public Health
Michael Crump- Division of Medical Services- Department of Health & Humana Services (DHHS)
Linda Greer- Division of County Operations- DHHS
Joni Jones- Division of County Operations- DHHS
Sheena Olson- Division of Medical Services- DHHS
Kym Patterson- State Chief Security Officer- DIS
Frank Scott- Deputy Director of Policy- Governor's Office
Marilyn Strickland- Division of Medical Services
Dawn Zekis- Director of Policy and Planning- DHHS

Consumers:
Billy Altom- Executive Director- APRIL
Curtis Bailey- Producer- Hatcher Agency
Robert Barnes- Owner- Barnes Management Company
Elizabeth Burak- Director of Health Policy and Legislative Affairs- AR Advocates for Children & Families
Veronica Clark- Non Profit Employee- Arkansas Nurses Association and Uninsured
Stephen Copley- Arkansas Methodist Council
Kevin Grace- Division Director- Department of Information
Kanisha Halton- Unemployed/New Graduate & uninsured
David Lafoon- Director- Division of Behavioral Health Services
Joe Pelphrey- Christian Science Committee on Publication for Arkansas
Sean Pitman- Assessment & Referral Coordinator- Piney Ridge Center
John Ryan- President & CEO NovaSys
Herb Sanderson- Associate Director- AARP
Elizabeth Small- President- PDC Companies
Joyce Solaire- Consumer Advocate- Division of Behavioral Health Services

***Outreach/Education/Enrollment/Navigators/Producers/Agents*:**
Fred Bean-Owner/Producer-Bean Hamilton Corporate Benefits
Rose Crane-Owner-Crane & Associates
Robbi Davis-President/Producer-The Robbi Davis Agency, Inc.
Cal Kellogg, Ph.D.-Sr. Vice President and Chief Strategy Officer-Arkansas Blue Cross Blue Shield
Kurt Knickrehm-VP Employee Benefit Services-Regions Insurance
Laura McDowell-Program Manager-Arkansas Department of Education
Sip Mouden-CEO-Community Health Centers of Arkansas, Inc.
Chris Newell-President-The Newell Agency
Teri Patrick-UAMS Psychiatric Research Institute
Sister Joan Pytlik-Catholic Diocese of Arkansas, Daughters of Charity

Marie Sandusky-Health Services Director-UALR
Derek Smith-Attorney-Mitchell Williams
Ann Sperry-Barry Insurance
Henry Tuck III-Retiree-FBI
Lisa Weaver-Community Health Centers of Arkansas

***Health Care Industry – Insurance Carriers/Health Care Providers/Professional Associations*:**
Larry Alford- CFO- Saline Memorial Hospital
Edward Anderson- CFO Johnson Regional Medical Center
Donna Auld- Business Office Director- Saline Memorial Hospital
Julie Benafield- Director, Regulatory Affairs- United Healthcare
Darlene Byrd- Family Nurse Practitioner
Ed Choate- President & CEO- Delta Dental of Arkansas
Jim Clark- Director- Wilbur Mills Treatment Center & President AR Substance Abuse Treatment Providers Assoc.
Steve Gelios- President- United Food & Commercial Workers Union, Local No. 2008
David Holman- Nurse- Arkansas Children's Hospital
David Ivers- Attorney- Mitchell Blackstock Law Firm
Dr. Drew Kumpuris- Physician, private practice
Treg Long- Systems Director- Health/Public- American Cancer Society
Lesley Nalley- CFO- Professional Counseling Associates
Sharon Oglesby- Clinical Care Facilitator- Arkansas Veterans Healthcare System
Raymond Ortega- Rehabilitation Counseling - UALR
Sam Partin- Senior VP Actuarial and Risk Management- Arkansas Blue Cross Blue Shield
Doug Stadter- Director- Centers for Youth and Families
Mike Stock- President & CEO- QualChoice
Bill Tarpley- Executive Director- Arkansas Dental Association
Sheila Waits- Executive Director- AMCOPPO
Arthur Wolover- Certified Registered Nurse Anesthetist

***Small Business/Community Leaders/Legislators*:**
David Boling- Senior Policy & Legal Analyst- Arkansas Center for Health Improvement
Jay Chessir- President & CEO- Little Rock Regional Chamber of Commerce
David Deere- Director- UAMS Partners for Inclusive Communities
Ray Hanley- President & CEO- Arkansas Foundation for Medical Care
Barry Hyde- Legislator- State House of Representatives
Chris Love- Program Director- Arkansas Community Foundation
Jody Purifoy- Nurse- UAMS
Amanda Rose- Attorney- Arkansas Insurance Department
Harold Simpson- Founder- The Health Law Firm
Dr. Vic Snyder- Corporate Medical Director- Arkansas Blue Cross Blue Shield
Annabelle Imber Tuck- Jurist
Kenny Whitlock- Retiree
John Woods- Legislator- State House of Representatives

***Make-Up Meeting*:**
Deborah Bell- Executive Director- Better Community Developers
Jason Brady- Government Relations Director- American Cancer Society
Mike Castleberry- VP Network Services and Business Development, HealthScope
David Deere- Director- UAMS Partners for Inclusive Communities
Janice Hatridge- Consumer Division- Arkansas Insurance Department
Jason Lee- CEO-Arkansas Employee Benefits Division (EBD)
Randy Lee, RN, Director of Center for Local Public Health, Arkansas Department of Health (ADH)
Sharon Moone-Jochums- President & CEO- Easter Seals Arkansas
George Platt- CFO/COO – EBD
Carol Roddy- Attorney
Melissa Simpson- Director- Senior Health Insurance Information Program- Arkansas Insurance Department

Summary:

1. Welcome and introduction of the Insurance Commissioner
   by Cynthia Crone, Health Benefits Exchange Planning Project Director
2. Greetings from Jay Bradford, Arkansas Insurance Commissioner
3. Participants' introduction, organization represented and expectations (Why are you here?)
4. Walked through reading material in their binder

Arkansas Health Benefits Exchange Summary
Timeline for March-December 2011 Arkansas Insurance Department (AID) Exchange Planning Activities
AID Health Benefits Exchange Staff
Stakeholder Group Roster
Sample Workgroup Questions for Consideration
Prioritizing Workgroup Issues for Discussion

5. Introduction to Arkansas Health Benefits Exchange

Slide Show Presentation	Arkansas Health Benefits Exchange

6. Asked for comments, thoughts and ideas for consideration
7. Prioritize discussion topics for future meetings
8. Discuss future meeting dates, times and place
9. Wrap-up

Welcome

The Exchange Planning Director, Cindy Crone welcomed stakeholders and introduced Jay Bradford, Insurance Commissioner. Commissioner Bradford thanked participants for their interest and participation. He stated that decreasing health care costs will be linked to preventing and managing costly chronic diseases, many of which are linked to obesity and tobacco use. Participants introduced themselves, their affiliations, and interest in Exchange Planning.

Exchange Planning Project Specialist, Bruce Donaldson, was also introduced. Bruce has more than twenty years of health insurance experience.

Commissioner Jay Bradford Introductory Comments:

The Commissioner stated that the orientation Power Point presentation has good information—but informed the group that future meetings will not be run by Power Point. "This is an open and extensive planning process for which we would like your input". Something has to happen. In Arkansas, healthcare costs have gone up 40% in the last 10 years. We are trying to find a better way to reduce health insurance costs and it's never easy to go through change. Another factor, the cost of medical care, is directly related to the lifestyle habits of the people of our state. Commissioner Bradford referred to a recent article quoting the CEO of Humana who stated that five chronic illnesses are costing a tremendous amount of money: Diabetes, stroke, heart disease, pulmonary conditions and hypertension. Each is controllable or preventable, and obesity and tobacco are major factors related to each condition. We are looking to find a way to lower healthcare costs, make insurance purchasing more competitive, and lower the rate of illnesses by at least 10%.

Cynthia Crone, Planning Director Introductory Comments:

Cindy Crone presented a PowerPoint Slideshow introducing elements of the Health Benefits Exchange and key issues to be addressed in determining the best possible Exchange for Arkansas. The purpose of the orientation session is to present each workgroup with baseline information. After today's orientation, the format of future meetings will be more open discussion and problem solving. Binders were distributed and their contents discussed. Included is a listing of potential questions concerning the exchange. There will be more questions as we go along. We want to plan when and how we work forward. The time commitment will be up to participants. Each workgroup is designed to bring different expertise and perspectives to the issues. We plan to have each workgroup address similar issues but from different viewpoints.

There are two related Stakeholder Inclusion efforts also led by the Insurance Department. Each was briefly introduced:

- A request for proposal is out to determine the most qualified vendor for broad background research to guide planning and recommendations.
- UAMS Partners for Inclusive Communities is leading an effort to seek stakeholder input via community meetings in 15 towns, key informant interviews, and a web-based survey.

We expect the three Stakeholder Inclusion efforts to inform one another. There will be Stakeholder Summits—in the fall or sooner—and later public hearings in each Congressional District.

Questions/Comments from Stakeholders

Consumer

Consumer buy-in a big issue.
What can we learn from uninsured people?
Will you target Marshallese and Hispanic Populations?
Need to offer a Spanish-speaking group.
Need to consider rural issues and transportation issues.
Will there be a separate Medicaid and Exchange Call Center for consumer information?

Education

Fear of exchanges can prevent it from happening.
Need to do better job of getting the word out- 2 to 3 positive points at a time/Website/Talking Points.
Change the name from Exchange to 'Marketplace'
What message does the public need to hear and understand?

- What is the Exchange?
- Who will use the Exchange?
- Why is the Exchange important to them?

How do people access/understand information regarding the Exchange?
Stakeholders need to get the word out.
Make sure we discuss that exchange is for those who already have insurance; just a new concept. It's also for those who don't have insurance.
Be cautious of wording; state "exchange participation" as an option.
How do we get information to uninsured?
How do we get information to employers?
Inform the public that the only way to obtain premium subsidies is through the Exchange.
Insurance literacy is very low in the state of AR.
What message do stakeholders feel is most important *now*?

- Consumer education is the biggest issue; we need someway to educate multiple constituencies concerning what's going on.
- The fear of the Exchange is going to kill it before it begins; we MUST get the word out.

Should information on Affordable Care Act go out first, or start strictly with the Exchange? *Answer: Exchange*
The Exchange should be explained as: "A new look at existing products and the way you buy them".
We are trying to "avoid" Federal Regulation.
It's important to remind people we are paying for the uninsured people now and that message is totally lost in this argument-- and everybody is going to benefit from the system.
Slide show stated ACA: "provides preventative care without deductibles or co-pay charges by consumers", Is that in effect now, because deductibles are still being charged for preventative testing i.e. mammograms? .

- Call AR Insurance Department Consumer Services—that department received over 22,000 calls last year and problems are being resolved promptly.
- The policy may have to renew on anniversary date before law is effective.

What do we need to do to get the word out to the state concerning the laws in effect now?
There is a lot of misinformation; is there a grant or other resources to do PSAs to distribute health care information to the public?

We have to do a better job with education; AR will have another funding opportunity from the federal government in September-- a part of that could be a public education campaign.

Website must be informative.
Attend community meetings statewide.
Develop focus groups to see areas of confusion in AR.
It is important to display the process of the exchange.
How will we get though to people?
Because of the confusion, we should start with the few things that are in effect as of now and start educating people, and also educate on why the Exchange could be good. We need to simplify information.
We will hold stakeholder summits and public hearings.

Insurance Plans
Shouldn't Obesity be involved in rating factors as is tobacco?
Oral/Vision Care- is it comprehensive? Minimal coverage- needs to be discussed. Ages 18 or 21?
How will Habilitative Care be handled with the new law? Rehabilitation vs. Habilitation issues.
Continuity of Care improves outcomes- how to handle 'churning' and keep continuity?
Will substance abuse be included? It will be covered, but we don't know what the coverage will be.
Oral coverage needs to be defined for pediatric services and is worth in-depth discussion.
It is important to think about what the exchange can do as it relates to Medicaid.

Exchange Structure & Governance
What is advantage of Arkansas doing the Exchange versus the Federal Government?
How will governance be established?
The advantage of the state running the Exchange is that you decide on the governance.
Will each federal requirement be met? There may be some advantage in grouping the requirements (those related).

Enrollment- Navigator/Producer
What is the true definition of 'enrollment ' in real time? How about mail in applications?
What will we be the role of agents/brokers? Inside or Outside? Same or Separate?
Less than 20% of our population has internet access.

Planning Structure
All groups need to communicate through a 'steering' committee.
Should the next step be focusing on one question or defining all questions?
What are we trying to build?
Where to start?

- Two groups said governance. Other groups had different opinions- how do we define governance without knowing model?
- While the planning intent is to be open, after (6) orientation meetings we've discovered we need to be more specific in defining agendas and in how the workgroups will relate with one another.

Coming up with the model is the place to start. State? Regional?
What exactly do you mean the models?
Do we need the data in before model determination?
Does it make sense for the groups to start researching? Contractors have (90) days for research; plans to be submitted by Aug. 31st.

- Are any responders local? *Don't know. There could be subcontractors.*
- Who will be working with them?

Before operational plans you need marketing analysis.
Who do we need at the table? Are we missing anyone?
Will groups work with any who might be missing?
Should start from a focal point.
Send questions provided in binder electronically so stakeholders could be able to give input and add to easily.
In May, the AR Health Benefits Exchange staff will travel to see Utah Exchange.
The Exchange model should be the first issue.
What should the Exchange look like?

Employer Issues

Business groups are very concerned about Exchanges.

What is the incentive of small groups <50 lives to keep group insurance vs. sending all employees to the exchange?

Concern that large employers with low wage earners will send their employees to the exchange.

Early retiree plan not very effective. Money already all used up.

Marketplace Issues (Inside/Outside)

- Is there to be a Small Group market outside of the Exchange?
- Is there to be a separate Individual and Small Group market? Inside and Outside the Exchange?
- How do we want the market to look?
- Can we or how do we protect against adverse selection?
- Do we know how many waivers have been given on the Medical Loss Ratio (MLR) issue? Several states; Maine is one.
- What would be the reason for a MLR waiver? More time in order to adjust. Some smaller companies couldn't reach required percentages.
- Could we replace the word "Exchange" with "Marketplace"?

Planning for the Arkansas Health Benefits Exchange

Governor Mike Beebe directed that the Arkansas Insurance Department (AID) lead planning efforts to determine optimal placement and operations of Arkansas's Health Insurance Exchange as required to comply with mandates of the Affordable Care Act.

The AID has been awarded a one year, $1 million planning grant from the United States Department of Health and Human Services (DHHS) Center for Consumer Information and Insurance Oversight (CCIIO) to assist with studying options for development of the best possible Insurance Exchange for Arkansans. If planning milestones are achieved as defined by the DHHS Secretary, Arkansas will also be awarded needed funds to implement Arkansas' Exchange until January 1, 2015 at which time the Exchange must be fully self-funded. The Arkansas Exchange will be called the "Arkansas Health Benefits Exchange".

What is an Exchange?

Per CCIIO, an Exchange is a "mechanism for organizing the health insurance marketplace to help consumers and small businesses shop for coverage in a way that permits easy comparison of available plan options based on price, benefits and services, and quality." As of January 1, 2014:

- Individuals/families with incomes under 138% of the federal poverty level (FPL) will be Medicaid eligible, based on income only—no longer will assets testing be required as for categorical eligibility.
- Children living in households with incomes too high for Medicaid eligibility may be eligible for Children's Health Insurance Programs (AR Kids First); see http://www.arkidsfirst.com/elig.htm
- Individuals/families with incomes up to 400% of FPL will be eligible for tax credits or other reduced cost-sharing depending on their income.
    - See http://www.cms.gov/MedicaidEligibility/Downloads/POV10Combo.pdf for determination of percent of FPL by household size.
    - Only individuals/families obtaining health benefits coverage through the Arkansas Health Benefits Exchange will be eligible for the financial subsidies and supports.

How will an Arkansas Health Benefits Exchange (Exchange) Help?

Exchanges will help individuals and small employers shop for, select, and enroll in high-quality, affordable private health plans that fit their needs at competitive prices. Exchanges will assist eligible individuals and families to receive premium tax credits or coverage through other Federal or State health care programs such as Medicaid or Children's Health Insurance Program (CHIP). By providing one-stop shopping, Exchanges will make purchasing health insurance easier and more understandable.

Historically, the individual and small group health insurance markets (currently defined in Arkansas as 2-25 individuals) have suffered from adverse selection and high administrative costs, resulting in low value for consumers. Exchanges will allow individuals and small businesses to benefit from the pooling of risk, market leverage, and economies of scale that large businesses currently enjoy. It is expected that by pooling people together, reducing transaction costs, and increasing transparency, Exchanges will create more efficient and competitive markets for individuals and small employers. (Large employers may be included in the Exchange beginning January 1, 2017).

Time Line for Arkansas Exchange

- Certified by DHHS – January 1, 2013
- Tested as Fully Operational – July 1, 2013
- Enrolling with Coverage – January 1, 2014
- Financially Self-Sufficient – January 1, 2015

Statutory Requirements for Exchange Functions

- Certification, recertification and decertification of plans
- Operation of a toll-free hotline
- Maintenance of a website for providing information on plans to current and prospective enrollees
- Assignment of a price and quality rating to plans
- Presentation of plan benefit options in a standardized format
- Provision of information on Medicaid and CHIP eligibility, determination of eligibility for individuals in these programs, and enrollment of eligible individuals
- Provision of an electronic calculator to determine the actual cost of coverage, taking into account eligibility for premium tax credits and cost sharing reductions, and enrolling eligible individuals into the plan of their choice
- Establishment of a Small business Health Options Plan (SHOP) Exchange through which small employers may access coverage for their employees
- Certification of individuals exempt from the individual responsibility requirement
- Provision of information on certain individuals to the Treasury Department and to employers
- Establishment of a Navigator program that provides grants to entities assisting consumers
- Presentation of enrollee satisfaction survey results
- Provision for open enrollment periods
- Consultation with stakeholders
- Publication of data on the Exchange's administrative costs

Guiding Principles for *Arkansas Health Benefits Exchange* Development

- Offer best value for informed consumers.
- Provide for selection of qualified plans as defined by DHHS.
- Avoid adverse selection by ensuring that those who buy through the Exchange are a broad mix of the healthy and the less healthy.
- Evaluate and determine eligibility for applicants in Medicaid, the Children's Health Insurance Program (AR Kids First), and other public health programs, including tax credits and premium subsidies, complying with all applicable federal statutes relating to nondiscrimination.
- Promote seamless access for applicants eligible for other health programs beyond the Exchange coverage options.
- Provide public outreach and insure stakeholder involvement
- Create a competitive climate that will offer purchasers a range of product offerings.
- Operate under transparency, protecting against conflicts of interest.
- Provide a framework for Small Business Health Options (SHOP) Exchanges.

Key Questions for the Developing Arkansas Health Benefits Exchange

- What will be the governance and accountability structure? *Will we have a state, regional, or federal Exchange. If State, will it be within a State agency (existing or new), non-profit, quasi-governmental agency? How will border state issues be addressed?*
- Will individual and small business (SHOP) Exchanges will be merged? *Will the definition of a" Small Group" be 50 in 2014 (increased from 25), or increased to 100 as allowed? (100 in 2017).*
- How will we prevent "adverse selection"—where only individuals with high cost health needs purchase insurance through the exchange? *This will require study of inside/outside Exchange issues related to plans and purchasing rules.*
- Will Arkansas require additional benefits coverage beyond *minimal essential benefits* as defined by the federal government? *State must pay for any additional minimum benefits.*
- Will Arkansas establish a competitive bidding process for plans? *Will the Exchange serve a role of market regulator or plan purchaser?*

- How will we implement mandatory IT and security procedures to integrate state, federal, and private eligibility and enrollment determinations *into a seamless system that allows for easy movement between them with customer life changes?*
- What will be the role *Navigators* - community-based individuals/organizations that assist consumers in understanding and purchasing through the Exchange? *Will navigators be licensed, certified, regulated?*

Transparency In Exchange Planning

The Arkansas Insurance Department commits to a transparent, inclusive Health Benefits Exchange planning process. The ultimate goals are consumer protection and access to quality, affordable health care. The Arkansas Exchange is committed to offering the best value for informed consumers. It will be:

- Well-researched and based on Arkansas needs
- In compliance with the Affordable Care Act and Arkansas law
- Integrated with other Arkansas health care reform efforts
- Financially viable
- Consumer supported.

We invite you to participate in the development of the Arkansas Health Benefits Exchange and follow our progress through this website. Click on the link below to send us a message, make a suggestion, or ask a question. It is our intent to be open and transparent throughout this process. We will use this site to post meeting notices, new regulations, frequently asked questions (and answers), and other updates.

We are in the process of developing advisory groups to help guide planning to develop the best possible Exchange for Arkansans. We want to hear from you. Send comments, questions, or your interest in advisory group participation to Cynthia.Crone@Arkansas.Gov.

Working together we can and will move toward improved health care access for Arkansans.

Timeline for March – December 2011

Arkansas Insurance Department Exchange Planning Activities*

Activity	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
Interagency Work toward Integrated Programming and IT Strategies										
Ongoing Information Exchange with Diverse Stakeholder Groups										
Background Research Request for Proposals (RFP) Advertised to Public										
RFP due to Office of State Procurement April 15; Scored and Reviewed										
Background Research Contract Awarded; Work complete in 90 days with report to AID by August 31, 2011.										
UAMS Partners for Inclusive Communities and College of Public Health performing Stakeholder Interviews and Conducting Community Meetings in 15 Locations Across Arkansas for stakeholder input. Report due June										
Five Exchange Planning Workgroups Created. Members Recruited; Orientation Meetings April (Consumers, Providers, Community Leaders, Navigators, State Agencies); At Least Monthly Meetings Continue.										
Center for Consumer Information and Insurance Oversight (CCIIO) Level One Funding Application Submitted based on Stakeholder Input and Background Research.										
Stakeholder Summit										
Notification of Level One Funding from CCIIO										
Hearings to solicit community feedback on exchange recommendations										

*100% funding from DHHS Center for Consumer Information and Insurance Oversight

ARKANSAS INSURANCE DEPARTMENT

HEALTH BENEFITS EXCHANGE

Cynthia Crone

Planning Director

501.683.3634

Cynthia.Crone@arkansas.gov

Bruce Donaldson

Planning Project Specialist

501.683.7077

Bruce.Donaldson@arkansas.gov

Sample Workgroup Questions for Consideration

Governance

- Federal, Regional, State?
- If State, what structure should the exchange be: Quasi-Governmental, State Agency, Non-Profit?
- Who should have decision authority?
- What will be the funding sources after Jan 1, 2015?

Exchange Modeling

- How can the exchange attract adequate number of participants and insurers while preventing adverse selection?
- Offer plans in and outside exchange?
- How to reduce churning between Medicaid & Private Plans to ensure continuity of coverage and provider networks?
- Single vs. multiple exchanges in State; one for Individual and one for small group?
- Small group 2-50 or 2-100?
- How many plans per carrier should be offered inside exchange to promote ease of comparison?
- Should we offer benefits that exceed the minimum essential benefits set by the Feds? (If so, any additional benefits/costs are paid for by the State)
- Will grandfathered plans be able to shed bad risk to the exchange?
- In 2017, should we add larger employers and State employees?
- If a carrier offers a benefit outside the exchange, should they be required to offer inside?
- How will the exchange level the playing field with insurers inside and outside the exchange?
- Should range of benefits be comparable inside and outside the exchange?
- Should the exchange control and define patient cost sharing within a benefit tier, specify coinsurance levels, set copayments and deductibles to offer simplicity and ease of comparison?
- How will the exchange offer open enrollment periods?

IT Integration

- Methods to integrate State, Federal and private eligibility/enrollment allowing easy movement between coverage options with life changes/churning.
- What is needed to run the exchange through a single portal access?
- How do we ensure that information is secure and in compliance with HIPAA and other security requirements as portals will be used by providers, hospitals, State Agencies, population of Arkansas- the consumer and other end users?
- How to calculate costs and premiums, benefit levels, subsidies that will be visible to the applicant in an easy to read and understandable format?
- How to link State and Federal Agencies like IRS, HHS, Medicare, Medicaid, Social Security, Homeland Security, insurance carriers and employers for eligibility and subsidies?

Consumer Outreach/Education/Information

- What is best way to present exchange to the public to ensure maximum participation?
- How much plan detail should be included on the exchange website for consumers regarding plans and benefit details?
- How can the exchange create administrative efficiencies and protect the public?
- How to add transparency to health plans, health plan costs and reduce fine print?
- Should all plans be presented to a consumer or just those that fit their needs?
- Who should the navigators be? Should they be licensed or regulated if not enrolling eligibles into a plan?
- What will the role of the producer and agent be to reach outlying populations and low income neighborhoods?
- Should one enroller be able to enroll into private plan, CHIP and Medicaid to reduce bounce around?
- Should producers and agents be paid separately to ensure transparency?

PRIORITIZING WORKGROUP ISSUES FOR DISCUSSION

Following are topics to be discussed not necessarily in any order:

Governance	_____
Exchange Modeling	_____
IT Integration	_____
Consumer Outreach/Education/Information	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Please put in order of priority which topics/issues you would like to discuss first on the right. Add in the spaces provided below any topics/issues you would like to throw out for discussion in your group.

Arkansas Health Benefits Exchange

Workgroup Orientation

April 2011

Cynthia C. Crone, APN

Health Benefits Exchange

Planning Director

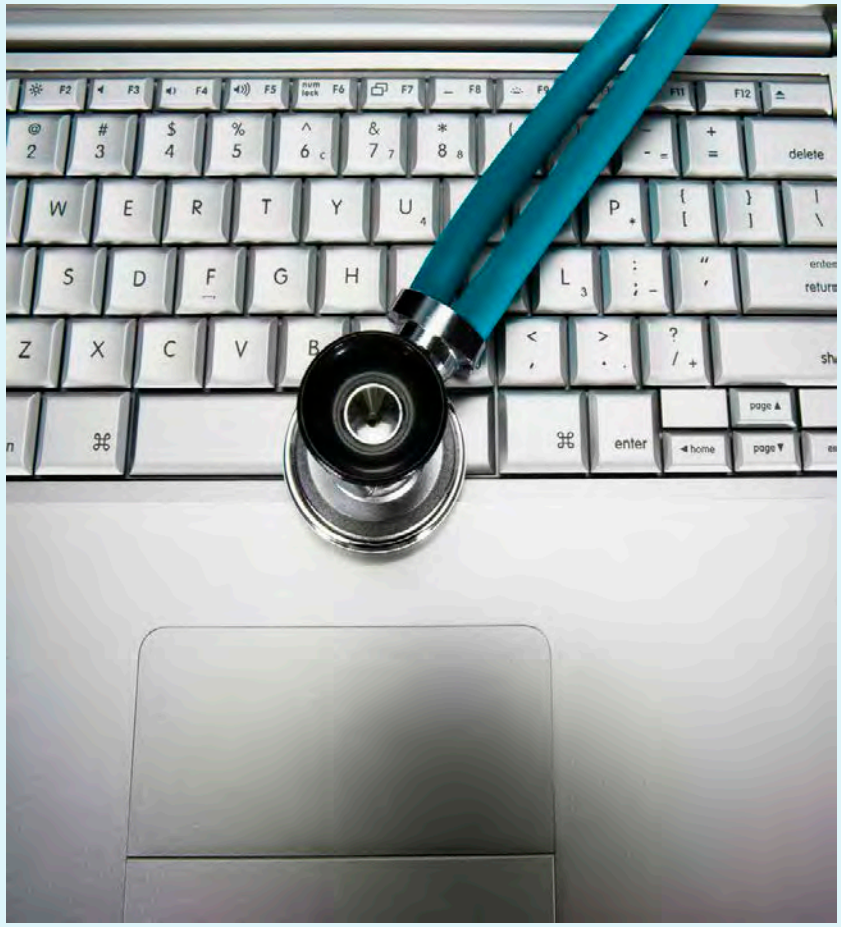
Cynthia.Crone@Arkansas.Gov

Bruce Donaldson, CHC

Health Benefits Exchange

Planning Specialist

Bruce.Donaldson@Arkansas.Gov



What is a Health Benefits Exchange?

…a way to organize the health insurance marketplace to help informed consumers and small businesses shop for coverage in a way that permits easy comparison of available plan options based on:

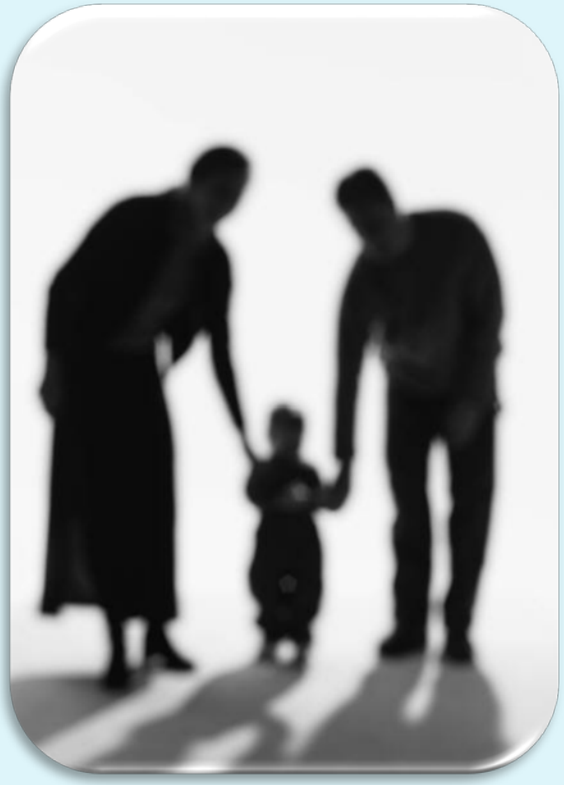
Price

Benefits and Services

Quality (new)

Health Benefits Exchanges

… *the* cornerstone of the Affordable Care Act



Federal Leadership for ACA Exchanges
from the
Center for Consumer Information and Insurance Oversight (CCIIO)

- Administratively located in United States Department of Health and Human Services (DHHS) Center for Medicaid and Medicare Services (CMS)

- To fund Exchange planning and implementation through 2014

Arkansas Insurance Department

…to lead Arkansas Exchange planning efforts per Governor Beebe

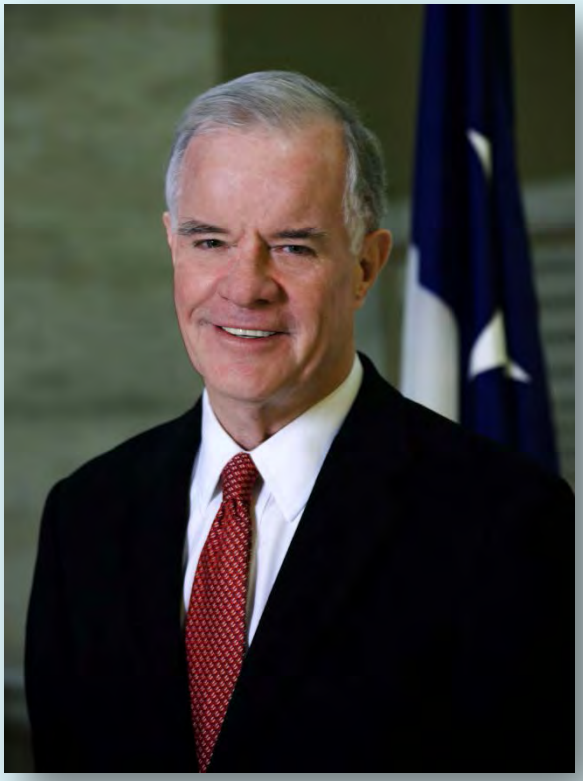
Arkansas Insurance Department

Mission Statement

The purpose of the Arkansas Insurance Department is to serve and protect the public interest by the equitable enforcement of the state's laws and regulations affecting the insurance industry.

The primary mission of the Arkansas Insurance Department shall be consumer protection through insurer solvency and market conduct regulation, and fraud prosecution and deterrence.

Commissioner Jay Bradford



Under the leadership of Commissioner Bradford, the AID Consumer Services Division recovered **$14 million** for consumers in 2009.

First Birthday of Affordable Care Act

March 23, 2011

According to a Kaiser Family Foundation Survey, a **majority of citizens are "confused"** about the ACA; greatly more are confused than are "angry", "anxious", or "enthusiastic".

Washington Post (Ezra Klein. 3-22-11)

American Health Benefits Exchange

OR

States Have Flexibility to Develop their own Health Benefits Exchanges so long as they meet requirements of ACA.

Establishment of AR Exchange

Controversial within 88th Arkansas General Assembly

- HB 2138
- HB 1226
- Interim Study

What does this mean?

Many Arkansans believe an Exchange operated by and for Arkansans will better meet the needs of our people than an Exchange operated in Arkansas by the Federal Government.

THEREFORE,

Arkansas Insurance Department will continue to lead non-partisan planning efforts by diverse stakeholders to develop the best possible Arkansas Benefits Exchange.

WHY DO WE NEED CHANGE?

129 Million Non-Elderly Americans could be denied affordable coverage without it—often due to pre-existing conditions.

Up to 1 in 5 non-elderly Americans with a pre-existing condition (25 Million individuals) are UNINSURED.

And…

82 Million Americans with employer-based coverage have a pre-existing condition

- *Life Threatening Illnesses*
- *Chronic Conditions*

What if they have LIFE CHANGES?

Older Americans are at Particular Risk

Of Americans 55-64 years of age:

- *48% to 85% have a pre-existing condition*
- *15% to 30% in perfect health today are likely to develop a pre-existing condition in the next ten years.*

THIS WILL LIMIT THEIR CHOICES.

AND COSTS!!!

- From 2000 – 2010 Health Inflation was 48%
  compared with Consumer Price Index Inflation of 26%

- Per Capita increase in health costs was 7.32%
  compared to 1.1% overall inflation

- Physician and Hospital Claims in 2010
  - *Commercial Insurance increased 8.66%*
  - *Medicare increased 5.08% (sicker population)*
    - » *Health Leaders Media*

Annual U.S. Spending on Health Care

- 2000 - $1.3 Trillion→ 2009 - $2.5 Trillion
- 1990 – 12 % GNP → 2010 – 17 % GNP *without comparable health improvements*
- Technology changes credited with increase -- *enormous clinical benefits, but overused without patient benefit from the treatments*

Health Care Costs and Uninsured

- **Health Costs** Rising **> 4X** Hourly **Earnings** of the People
- **49 Million adults** spent **> 10% of income** on **health insurance and health care costs** last year
- **52 Million adults uninsured in 2010** compared to **38 Million in 2001**
  - 43 Million lost their jobs in last 2 years
    - 57% lost health insurance
    - <40% of these obtained new coverage or COBRA

Health News, 2011

Has anything worked to lower costs?

- From 1994 – 1999 annual U.S. health cost increases never exceeded 2.8% and the GNP devoted to health care remained unchanged -- *slowed growth attributed to* ***managed care*** *but wrong driver* (price versus evidence)

- "Lift quality, savings will follow" – *Example: Community-Based vs. Institutional Based Long-term Care changes (Oregon spends 55% on home services vs. Tennessee's 1%)*

  (Taking Note, 2011)

- Payment Reforms (*Example: Bundled payments*)

What about in Arkansas?

A **half-million individuals** are without health insurance (ACHI)

- **17%** of our population
- **25% of 19-64** year olds are without health insurance
- **30% of 19-44** year olds are uninsured, with even higher rates for some geographic and demographic groups

How about those who *are* insured?

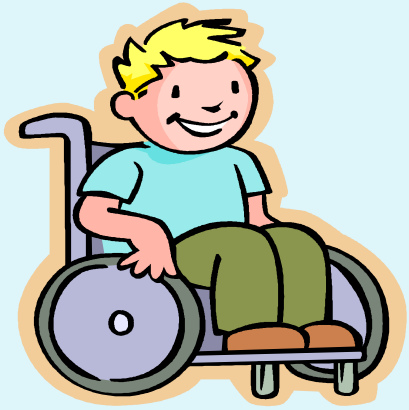
75% are **insured through** their **employer**

- **93% of large employers** offer health insurance
- **27% of small employers** offer health insurance (AHRQ)

The majority of Arkansas employers (72.7%) are small businesses

What Consumer Protections has the ACA already accomplished in Arkansas?

- Prohibits pre-existing conditions denials for children under 19.



- Extends coverage for young adults to age 26

ACA Now!

- Eliminates lifetime limits
- Prohibits rescinding coverage by insurance companies
- Regulates annual limits - until 2014 when no annual limits will be allowed for minimal essential benefits

ACA Now!

- Provides for consumer appeals process with external review
- Establishes consumer assistance programs to:
  - Assist with filing complaints and appeals
  - Assist consumers to enroll in health coverage
  - Educate consumers about their rights and responsibilities
  - Collect and report to U.S. DHHS the types of problems consumers have – to identify trouble spots!

ACA Now!

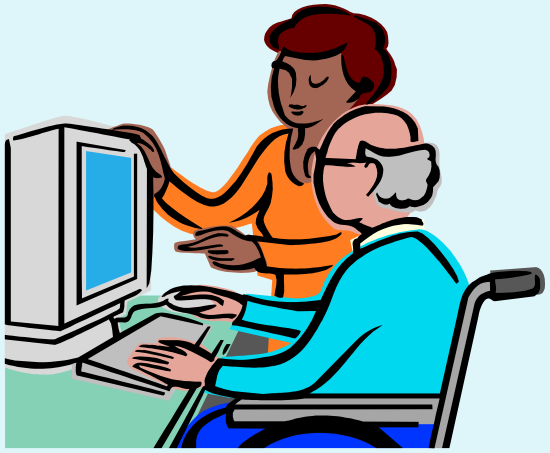
- Provides for small business health insurance tax credits (35% employers' contribution; 25% for non-profits)

- 40,355 Arkansas Small Businesses (149,077 employees) eligible for tax credits for contributions toward health care for full time employees (IRS, 2010)

- Create 2,000-3,200 jobs by reducing health care costs for employees (U.S. Public Interest Research Group, 2010)

ACA Now!

- Coverage for Early Retirees (55-64 years)
  - 31,100 through former employer until 2014
  - 76% of large employers who offer retiree coverage plan to participate
  - Federal reimbursement for 25%-35% of costs



ACA and Elder Protections

- Relief for 506,000 Arkansas seniors who hit Medicare “donut hole” (*DHHS-Healthcare.gov*)
- Decrease premiums for 446,000 Arkansans not enrolled in Medicare Advantage
- 50% discount when buying Part D covered drugs until 2020

ACA Now!

- Provides for preventive care without deductibles or co-pay charges by consumers

- Preventing disease and illness (*Trends positive; Hospitals best*)

- Improving health care quality and efficiency *(Access still worst)*

ACA Protections Now!

- Increases payment for rural health care providers
- Strengthens Community Health Centers
- Increases access to home and community care (October 2011)

Congressional Budget Office Reports on How ACA will Help "Bend the Cost Curve"

- Expected to decrease the federal deficit by **$143 Billion** over the **next 10 years.**

- **Further budget deficit** reductions are expected over the **following decade**.

Will Save Dollars

Bringing down premiums

Medical Loss Ratios

85% of collected insurance **premiums** for **large group** coverage must go directly toward **health care** and **quality improvements**– *some definitions pending*

80% for **individual** and **small groups**

Carrier must reimburse consumer if greater than allowed percentage for administrative costs.

Carrier can only **participate in Exchange** if **meeting** these **requirements**.

Premium Rate Review

BEFORE ACA

- The Arkansas Insurance Commissioner approves individual market rates.
- The rates are posted on AID website, but details are not disclosed.

AFTER ACA

- ACA expands authority for rate review to **include small group markets** and provides greater **scrutiny** and **transparency**.
- Starting July 1, 2011, any rate request **above 10%** for **individual and small group** markets will be subject to **extensive review**.
- Under ACA, insurers will be required to ***justify*** and ***publicly disclose*** rate increases in **plain language**.

Arkansas Health Benefits Exchange

Affordable coverage, consumer **choice**, and "world class **customer service**" – *Joel Ario*

- Will assist eligible individuals and families receive:
  - Federal tax credits; or
  - Coverage through other Federal or State health care programs like Medicaid or CHIP.
- Will make purchasing health insurance easier and more understandable.

Said another way, EXCHANGES will…

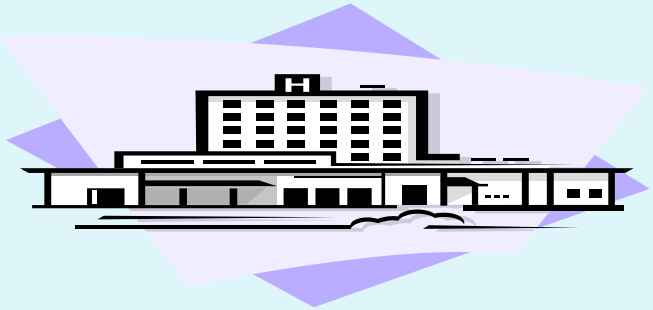
Improve **consumer access** and **continuous enrollment** in **quality, affordable health coverage** that meets their needs**.**

Insure **consumer protection** through approval, certification, and regulation of **qualified plans** based on **services, quality, price, and value**.

Minimal Essential Benefits

Beginning 2014 – Awaiting Final Rules

- Ambulatory Services



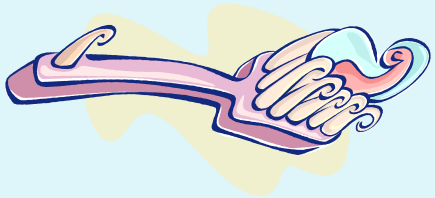
- Emergency Services
- Maternity and Newborn Care
- Mental Health and Substance Use Disorder Treatment

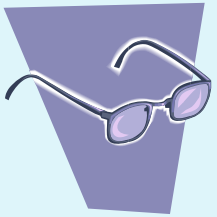
- Prescription Drugs

Minimal Essential Benefits – Con't.

- Rehabilitative and Habilitative Services /Devices
- Laboratory Services

- Preventive, Wellness, and Chronic Disease Management

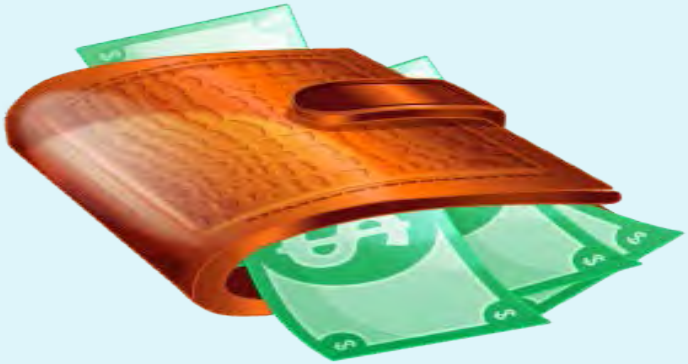




- Pediatric Services, Including Oral and Vision Care

Minimal Benefits Can be Added at State Level

….but must be 100% funded by state!



Qualified Health Plans

Levels Based on Actuarial Value:

Platinum – 90%

Gold – 80%

Silver – 70%

Bronze – 60%

and

Catastrophic

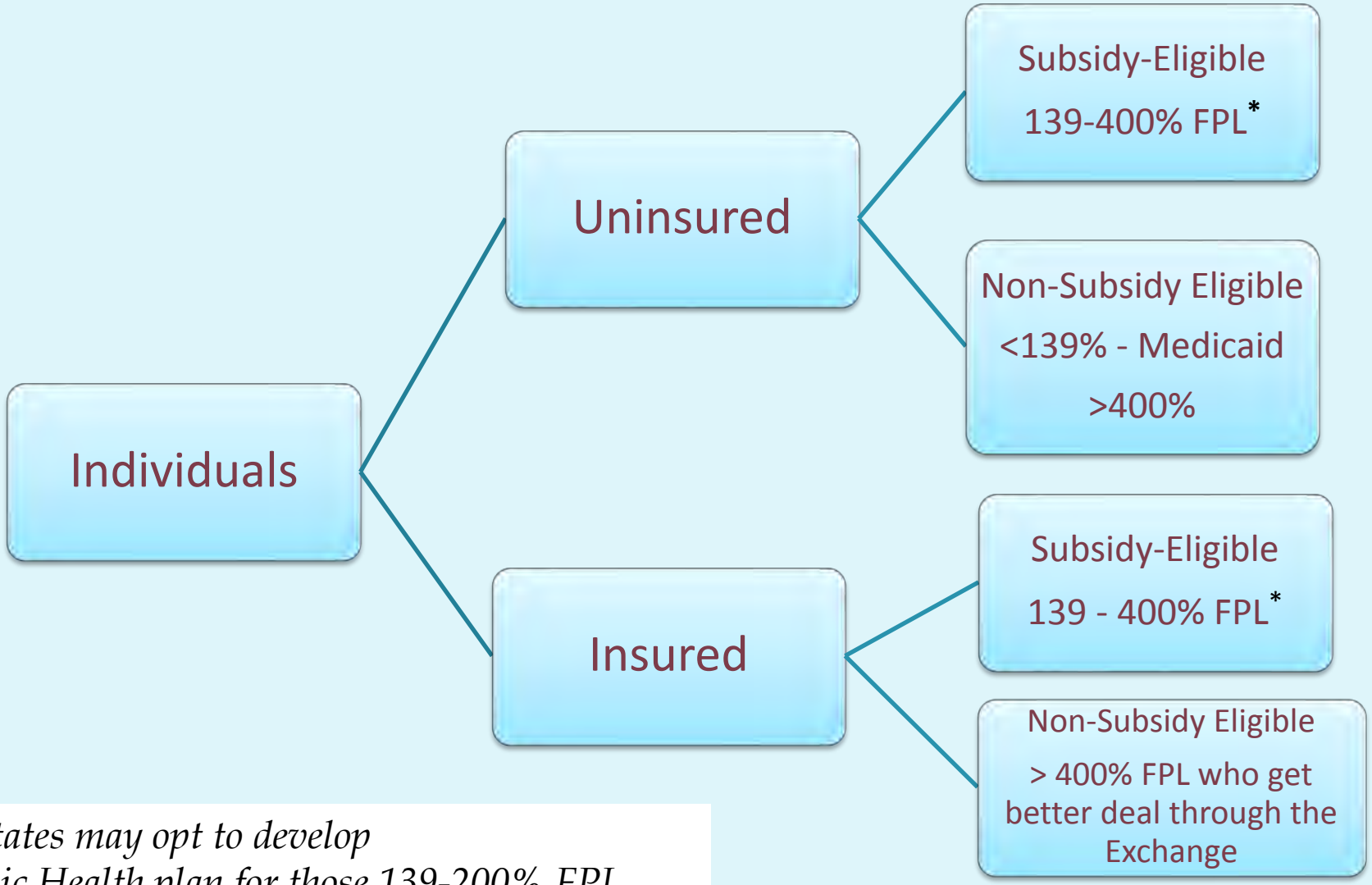
Consumer Protection

- Insure **consumer protection** through **ongoing education** about consumer rights, responsibilities, and plan performance in a form **consumers can understand** and use.

- Insure **consumer advocacy** for complaint resolution.

Individuals Eligible for the Exchange

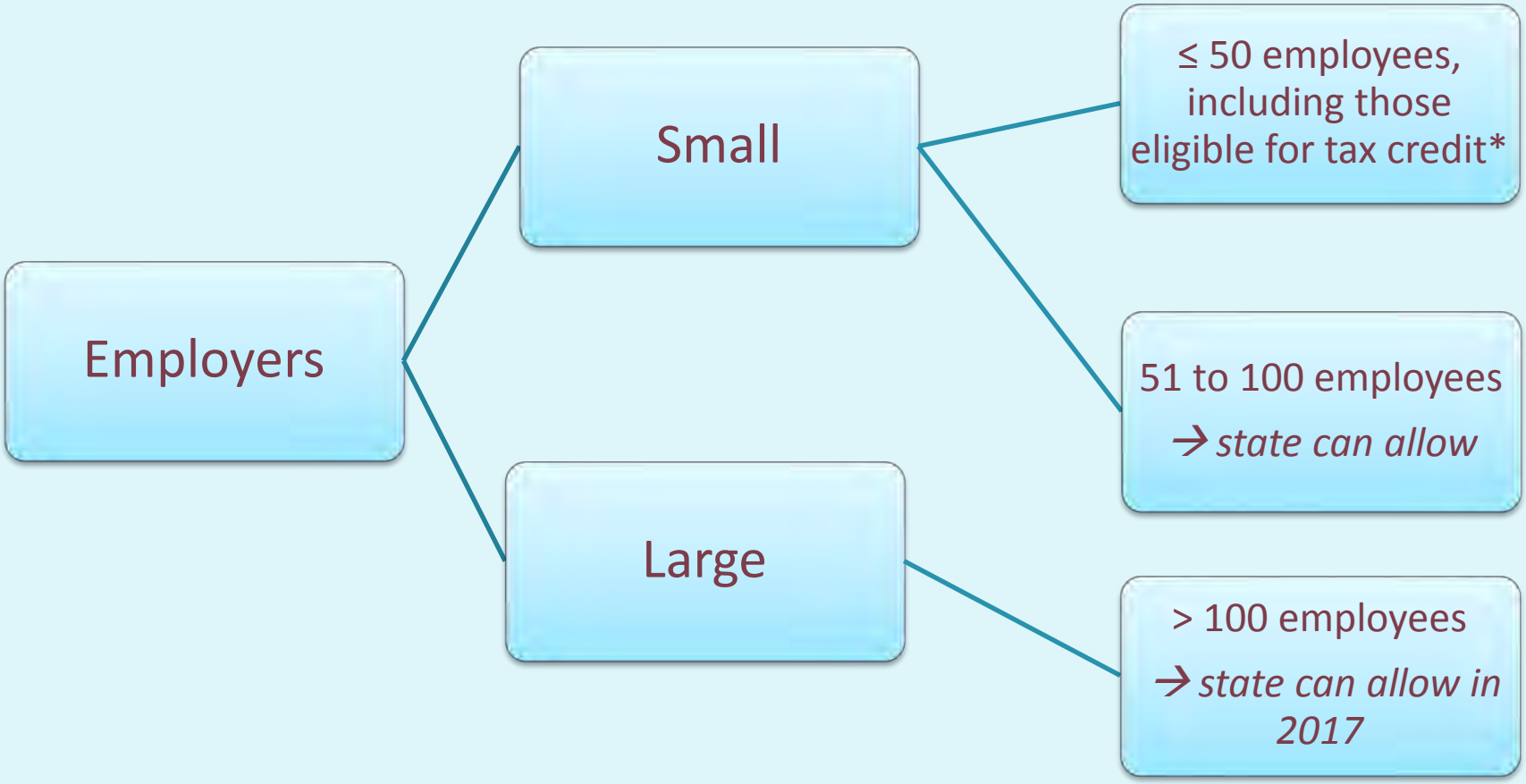
(Lynn Blewett, 2011)



** States may opt to develop Basic Health plan for those 139-200% FPL*

Employers Eligible for the Exchange

(Lynn Blewett, 2011)



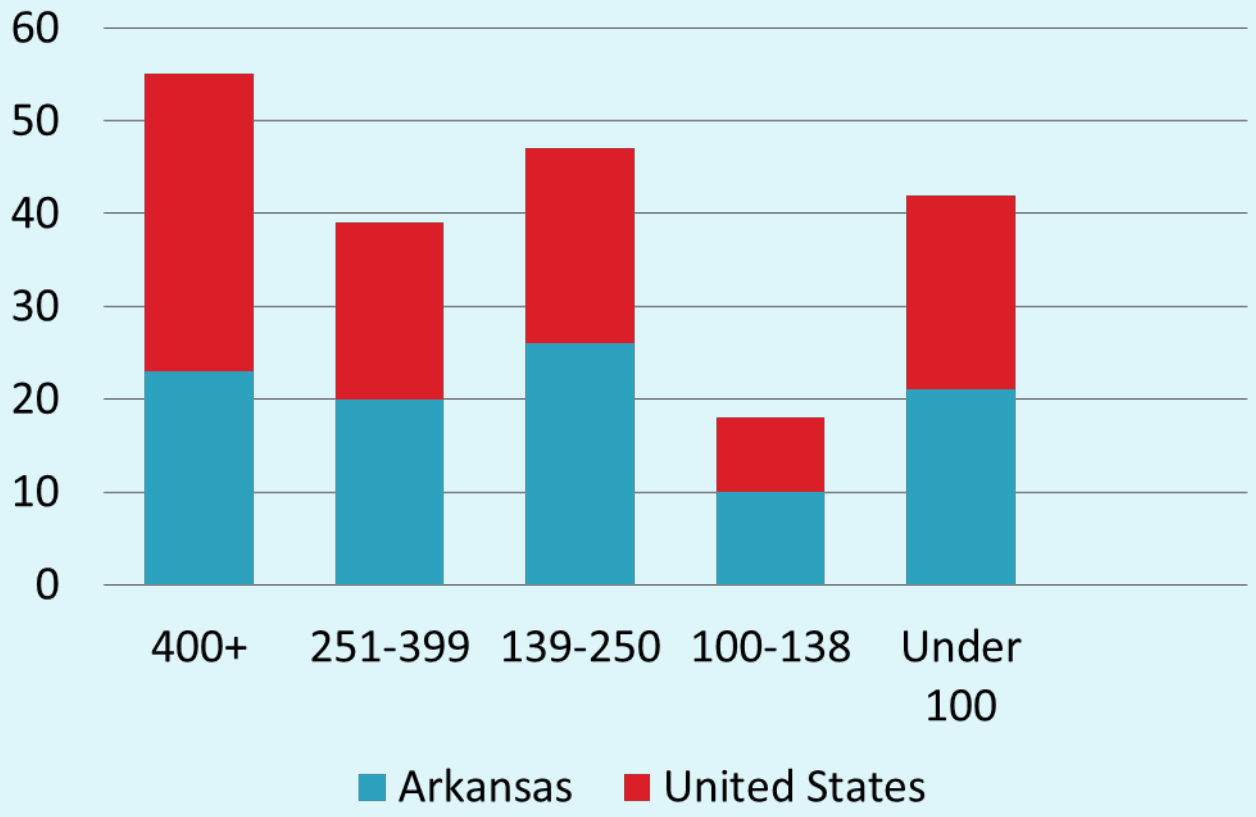
** Employers must have fewer than 25 employees and average annual wages less than $50,000 to be eligible for tax credit*

2011 DHHS Poverty Guidelines

Size of Family Unit	Contiguous 48 States and DC
1	$10,890
2	$14,710
3	$18,530
4	$22,350
5	$26,170
6	$29,990
7	$33,810
8	$37,620
Ea. additional person	$ 3,820

Distribution of Population by % FPL

(2008-2009: Kaiser State Health Facts)



Health Status
2008-2009 Kaiser State Health Facts

Indicator	Arkansas	United States
Infant Mortality Rate (per 1,000 live births)	8.2	6.8
Teen Death Rate (per 100,000 population)	93	62
AIDS Diagnosis Rate (per 100,000 population)	6.8	11.2
Overweight or Obese Children (% of children)	37.5	31.6
Adults who Visited the Dentist/Clinic (% of adults)	63.5	71.3
Adults with Disabilities (% of adults)	17.6	12.1

Health Costs and Budgets 2008-2009 (Kaiser)

Category	Arkansas	United States
Health Spending Per Capita	$4,863	$5,283
Average Family Contribution for Family Premium (% of total premium)	27	27
2009 Personal Per Capita Income (U.S. Department of Commerce)	$31,956	$39,138

What are Exchange Numbers in AR?

- Ensure coverage for 481,000 uninsured Arkansans and 128,000 who will purchase insurance through the individual market *(White House).*
- 323,000 Arkansans will be eligible for tax credits ($5.2 Billion in premium cost sharing and tax credits during first five years) - (*Senate Finance Committee)*
- Will decrease family premiums by $1,330 - $1,900 annually for same benefit – *(CBO)*
- 251,191 will be newly eligible for Medicaid ($9.3 Billion in federal funding) - (*Senate Finance Committee)*

How Can Insurance Exchange Lower Insurance Costs?

- **Lower** the **administrative costs** and **adverse selection** generally borne by individual and small group polices.
- Provide for benefits of **pooling risks**, **market leverage**, and **economies of scale**.
- **Reduce transaction costs** and **increase transparency.**
- **Reduce fraud, waste,** and **abuse.**

Exchange

- **One Stop – Single, integrated eligibility/enrollment portal – real time**
  - **Medicaid** – income based **under 139% FPL**
  - **CHIP** – children living in households with incomes too high for Medicaid
  - Individuals/families with **incomes up to 400% of FPL** will be eligible for **tax credits** or other **reduced cost-sharing**, depending on their income/cost of insurance
  - **Only** individuals/families obtaining **coverage through the Exchange will be eligible for subsidies**

Statutory Requirements of Health Benefits Exchange

- Certification/Decertification of Plans
- Toll-free Hotline

- Website with Information for Potential Enrollees
- Assign Price and Quality Ratings to Plans

Statutory Requirements -continued

- Present Benefit Plans in Standard Format
- Provide Information on Medicaid and CHIP
- Premium Calculator to Determine Actual Cost of Coverage (with cost sharing/tax credits)
- Establish a Navigator Program to Assist Consumers

Statutory Requirements - continued

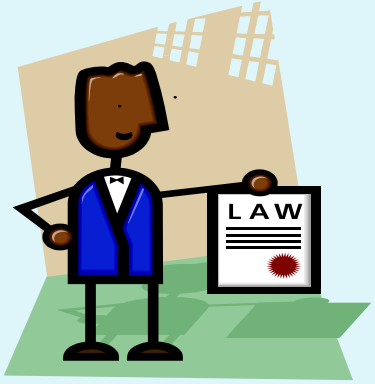
- Establish a Small Business Health Option Plan (SHOP) through which Small Employers may Access Coverage for their Employees
- Enroll Eligible Individuals into a plan of their CHOICE
- Certify individuals “Exempt from Individual Responsibility”
- Provide information on certain individuals to:
  - Treasury
  - Employers

Statutory Requirements - continued

- ❑ Provide Open Enrollment Periods
- ❑ Consult with Stakeholders
- ❑ Present Enrollee Satisfaction Survey Results
- ❑ Publish Data on Administrative Costs
- ❑ Publish Data on Fraud, Waste, and Abuse

DHHS Regulatory Standards being Developed for QHPs

- Marketing
- Network Adequacy



- Accreditation for Performance Measures
- Quality Improvement and Reporting
- Uniform Enrollment Procedures

Additional Oversight Responsibilities by Exchange

Provide information on:

- **In/out of network** providers
- **Availability** of **essential** community **providers,** including directories
- **Insurance plan patterns/practices** and **justifications** with respect to **past and future premium increases**

Exchange Oversight Responsibilities

Provide information on:

- **Plan and claims** data identified by DHHS
- **Cost-sharing** for specific services by specific providers **upon consumer request**
- Participants in **group health plans**
- Plan **quality improvement** activities

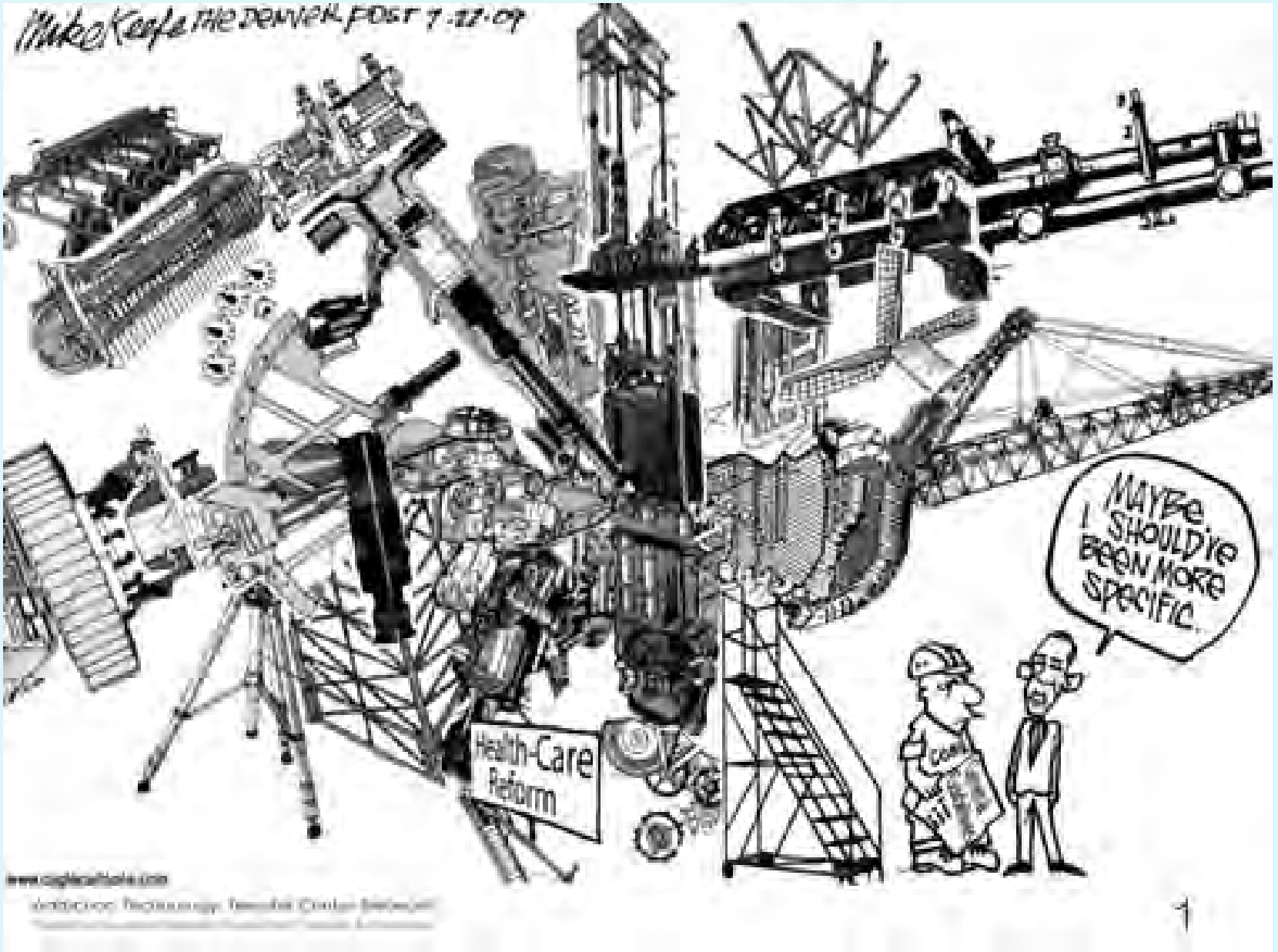
Arkansas Commitment

- **Coordinate**, **avoid duplication** and **lower costs**
- Build to **evaluate** and continuously **improve** health **coverage *and* outcomes**
- Multiple agencies working on **shared infrastructure,** architecture and **security**
  - AID
  - DHS
  - DIS
  - ADH
  - HIT- SHARE
  - Carriers
  - More

Stakeholders Input Required

And there are Many!!!

The Public is “Confused”


Mike Keefe THE DENVER POST 7-22-09
Health-Care Reform
MAYBE I SHOULD'VE BEEN MORE SPECIFIC.
www.caglecartoons.com

The Industry has taken a Hit!

Where’s the Consumer?

Guidelines for Health Benefits Exchange

- Offer **best value** for **informed customer.**
- Provide for selection of **QHPs** as defined by DHHS.
- **Avoid adverse selection** by assuring that those who purchase through the Exchange are a broad mix of healthy and unhealthy.
- Evaluate, determine eligibility and **ENROLL** in Medicaid, CHIP, private plans, other programs.
- Provide **seamless access** to **other programs** beyond Exchange coverage options.

Guidelines for Exchange

- Provide **public outreach** and insure **stakeholder involvement.**
- Create a **competitive environment** that will offer purchasers a range of products.
- Operate under **transparency**, protecting against **conflicts of interest.**
- Provide a framework for **SHOP Exchange.**

Arkansas Exchange Planning

- **Transparent** and **Inclusive**
- **Well-researched** and Based on **Arkansas Needs**
- **Compliant** with Federal and State **Law**
- **Integrated** with other Arkansas Health System Improvement
- **Efficient** and **Financially Viable**
- **Protect Consumers**
- **Consumer Supported**

Health Benefits Exchange

Increase Access to Continuous Enrollment in Quality, Affordable Health Coverage Plans

Timeline for Arkansas Exchange Funding and Development

Funding

- Initial Planning Phase – 2011 (49 states and DC)
- Implementation Phase(s) I – November 2011
- Implementation Phase II – To 1/1/2015

Requires Arkansas Legal Authority for State Exchange

Milestones

- Exchange Certified by DHHS – January 1, 2013
- Tested as Fully Operational – July 1, 2013
- Enrolling with Coverage – January 1, 2014
- Financially Self-Sufficient – January 1, 2015

Designing the Best Exchange for Arkansans

- **Governance**
  - State, Regional, Federal (if state opts out)
  - If state, government agency or nonprofit? *considerations include flexibility, accountability, governmental functions*
- **Financing**
  - By 2015, must be financially self-sustaining
  - No new state dollars into Exchange
- **Goals**
  - Federal law/rules set a floor
  - States have lots of room to innovate
- **Much more**

Planning Phase

Stakeholder Involvement

UAMS Partners for Inclusive Communities and UAMS College of Public Health

- Key informant interviews
- Two way communication with diverse stakeholders
  - Meetings across Arkansas in fifteen (15) locations
  - Plan is to have 3 forums per location
  - Outreach to diverse stakeholder groups
- Report and Recommendations in Summer 2011
- Stakeholder Summit in Fall 2011
- Public Hearings

Planning Phase

Background Research Contract will study:

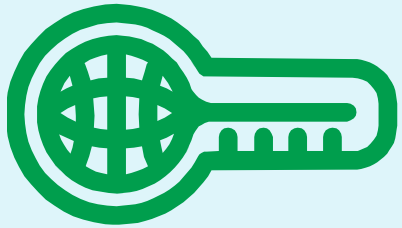
- ☐ Governance
- ☐ Marketplace
- ☐ Program Integration
- ☐ Information Technology Integration
- ☐ Financial Modeling
- ☐ Operation Plans
- ☐ Education and Outreach
- ☐ Evaluation
- ☐ Communication with Stakeholders

Planning Phase

- **Stakeholder Workgroups**
  - Consumers
  - Providers
  - Community Leaders
  - Outreach/Education/Enrollment
  - State Agencies
  - Information Technology

- **Staff Study**

Key Issues



- **Governance** and **Accountability** Structure?
- Will **individual and small business** Exchanges be **merged**?
- How will we **prevent adverse selection**?
- Will Arkansas **require benefits beyond federally mandated** minimal essential benefits?
- Will Arkansas establish a **competitive bidding process**?

Key Issues

- How will we ensure **continuity of coverage** and **provider networks** as individuals/ families move between plans?

- How will we get **individuals** and **small businesses to participate**?

- What will Arkansas do about those that **remain without insurance coverage**?

Key Issues

- How will we implement mandatory **information technology** and **security procedures** to integrate state, federal, and private eligibility and enrollment into a **seamless system that allows for easy movement** between plans with consumer life changes?

Key Issues

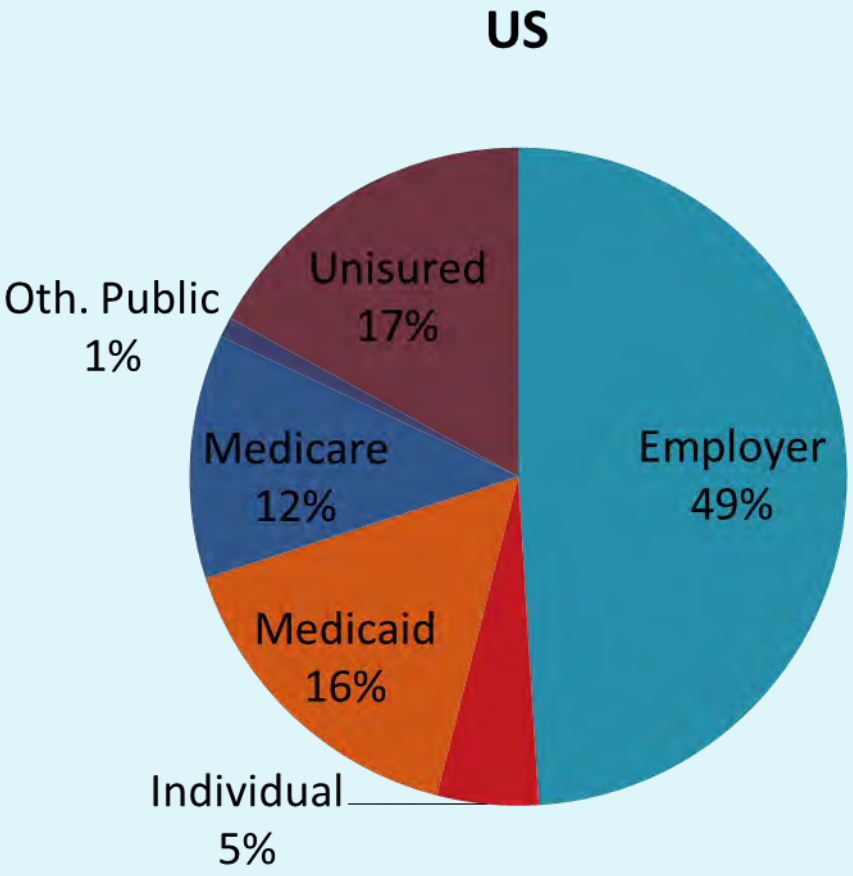
- What will be the role of **Navigators**? Who will they be? How will they be paid? Regulated?

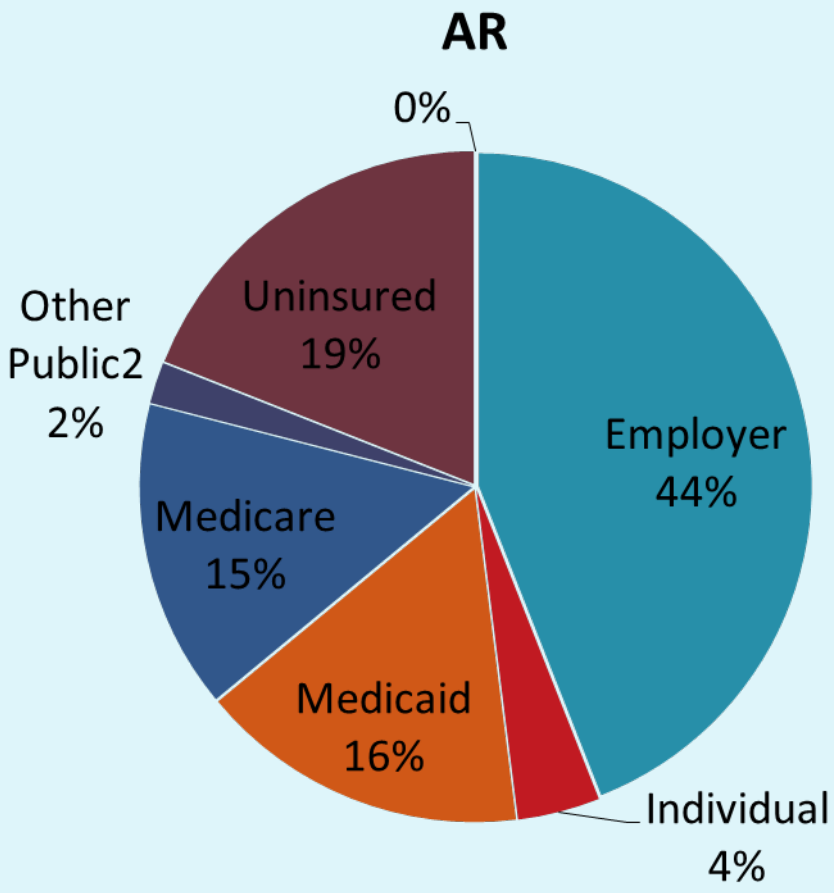
- What will be the role of **insurance producers?**

- AND MUCH MORE..

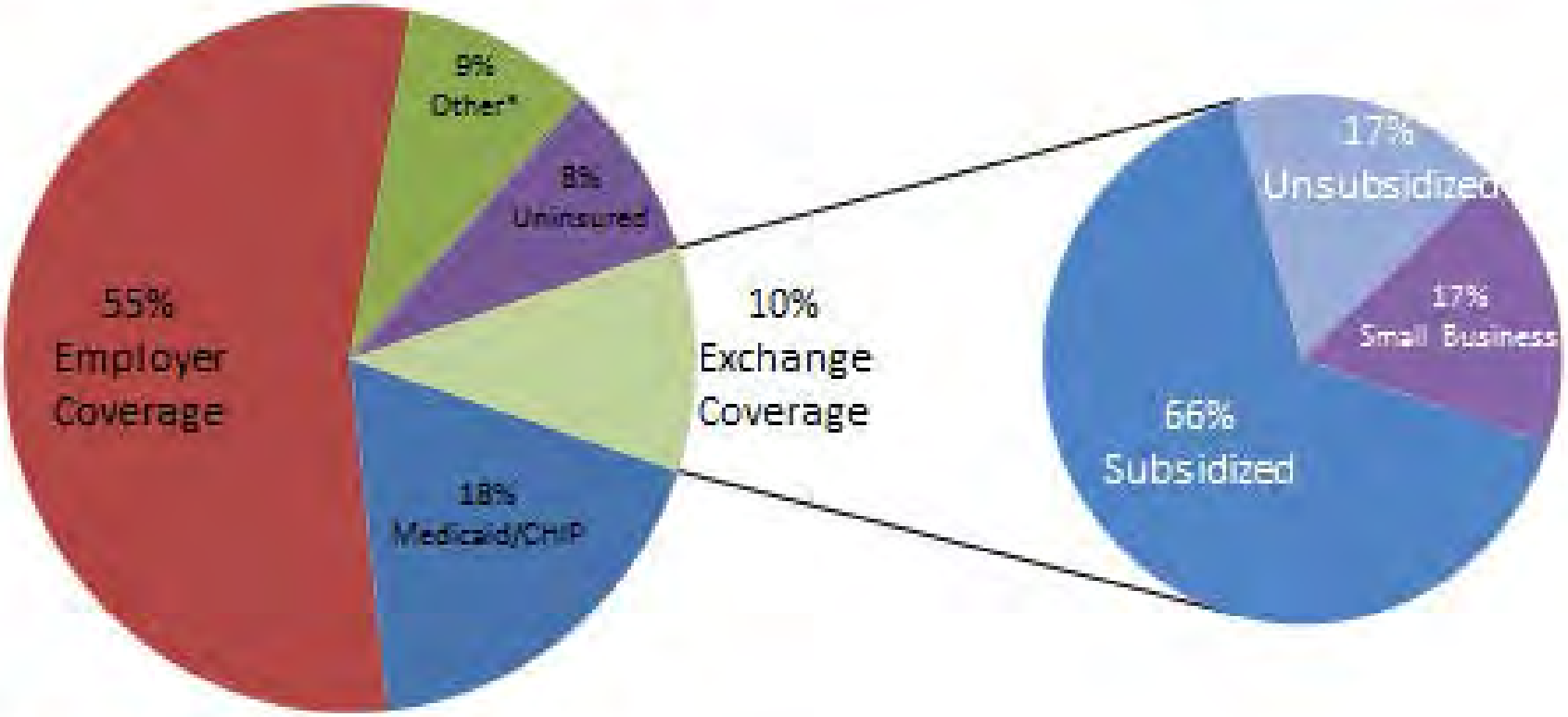
Health Insurance Coverage 2008-2009

(Kaiser Family: Statehealthfacts.org)





Where Individuals/Families Will Obtain Coverage in 2019



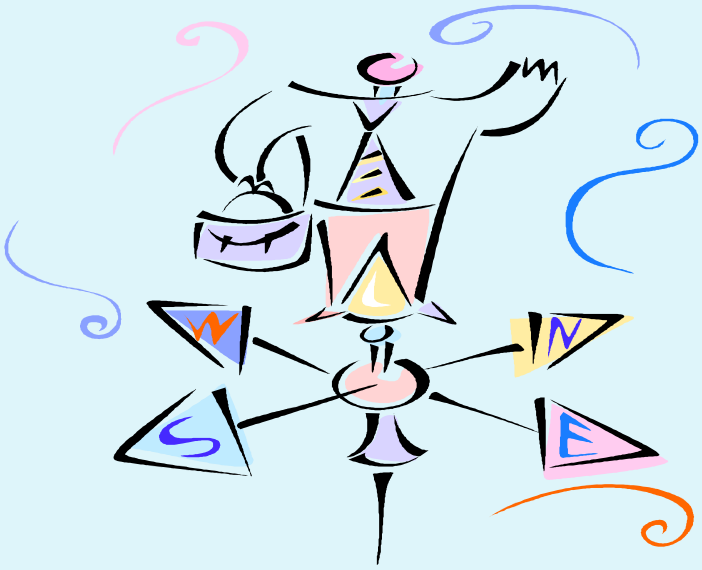
HPI
policy matters

Source: Congressional Budget Office, March 2010

What Will It Cost to Provide Increased Access to Affordable Care for Arkansans?

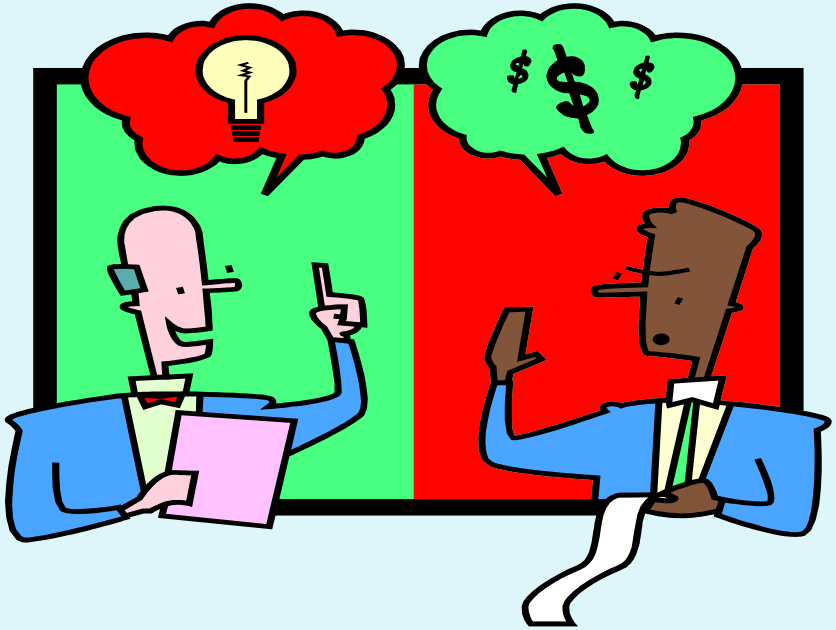
What Are We Paying Now?

We Must Change



Increased Access to Appropriate Care Improves Health Outcomes and Lowers Costs

- We know what we need to do.
- The question is “How do we do it?”



How can we lead…

…to alter the predicted course of increasing health costs?

…to improve health outcomes while not increasing costs?

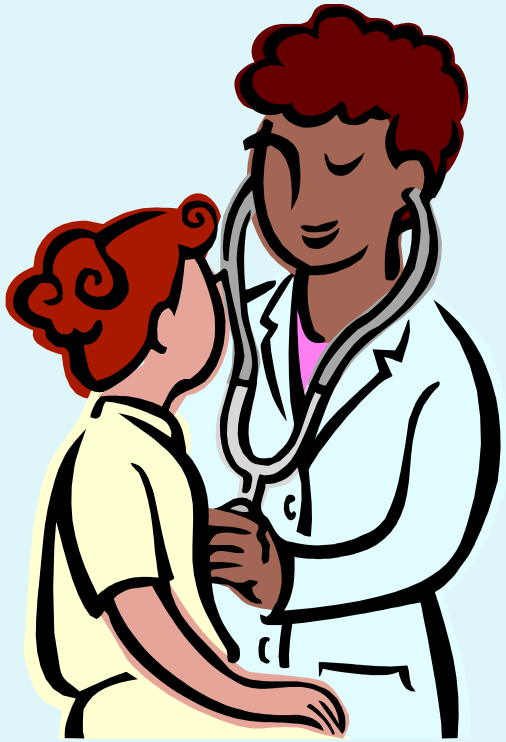
…for a new future, pre-empting the status quo?

What are our Shared Interests?

- What do different groups need?
- How can we begin our journey together?
- What is next step?

We have great minds and talent in Arkansas

Arkansas Benefits Exchange



TOGETHER, WE CAN!

Questions/Discussion

Phone: 501-683-3634